

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

FORMAN HOLT & ELIADES LLC
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Rochelle Park, NJ 07662
(201) 845-1000
Attorneys for Charles M. Forman, Chapter 7 Trustee
Michael E. Holt (MEH-8735)

In Re:

NJ AFFORDABLE HOMES CORP.,

Debtor.

Case No.: 05-60442 (RG)

Judge: Hon. Rosemary Gambardella

Chapter: 7

Recommended Local Form: ☐ Followed ☒ Modified

**APPLICATION FOR RETENTION OF COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A. AS SPECIAL COUNSEL TO THE TRUSTEE**

1. The applicant, Charles M. Forman, is the

☒ Trustee: ☒ Chap. 7 ☐ Chap. 11 ☐ Chap. 13

☐ Debtor: ☐ Chap. 11 ☐ Chap. 13

☐ Official Committee of _____

2. The applicant seeks to retain the following professional, Cole, Schotz, Meisel, Forman & Leonard, P.A. ("Cole Schotz") to serve as:

☐ Attorney for: ☐ Trustee ☐ Debtor-in-Possession

☐ Official Committee of _____

☐ Accountant for: ☐ Trustee ☐ Debtor-in-Possession

☐ Official Committee of _____

☒ Other Professional: ☐ Realtor ☐ Appraiser ☒ Special Counsel
☐ Auctioneer ☐ Other (specify) _____

3. Prior to the commencement of the captioned chapter 7 case, Cole Schotz acted as special counsel for the Honorable Nicholas H. Politan, Receiver (the "Receiver"), in an action captioned as *Securities and Exchange Commission, Plaintiff, vs. NJ Affordable Homes Corp. and Wayne Puff, Defendants*, Case No. 05 Civ. 4403 (JLL) (the "SEC Action"), in the United States District Court for the District of New Jersey. As counsel to the Receiver in the SEC Action, Cole Schotz has some familiarity with the Debtor and its affiliates, inter-company transactions among the parties, and possible claims against insiders and affiliates of the Debtor. The Trustee, in the exercise of his business judgment, believes that the employment of Cole Schotz to act as special counsel to the Trustee is in the best interest of the Debtor's estate.

4. The Trustee is aware the Cole Schotz represents (and has represented) several parties who are (or may become) adverse to the Trustee in his capacity as trustee for other unrelated debtors. The Trustee does not believe that Cole Schotz's representation of such parties in matters that are wholly unrelated to the Debtor creates a conflict in its representation of the Trustee as special litigation counsel herein.

5. Pursuant to an Order entered on November 16, 2005 by the Honorable Jose L. Linares, Cole Schotz was awarded the sum of \$108,059.34 for fees and expenses as special counsel to the Receiver in the SEC Action. I am advised that the current outstanding balance due to Cole Schotz for representing the Receiver in that matter is approximately \$30,000 through November 18, 2005. It should be noted that Cole Schotz acted as special counsel to the Receiver in the SEC Action and has never represented the Debtor. Upon information and belief, the Receiver may

assert an administrative claim against the Debtor's estate for additional amounts owed to his professionals in the SEC Action pursuant to 11 U.S.C. § 503(b)(3)(E).

6. Other than as set forth herein and in the affidavit of Michael D. Sirota herewith submitted, I am advised that Cole Schotz is a disinterested person within the meaning of 11 U.S.C. §101(14) and that it has no relationships with the Debtor or any other parties in interest.

7. Cole Schotz shall bill the estate at its normal hourly rate as set forth in the affidavit of Michael D. Sirota herewith submitted.

8. Cole Schotz is aware that compensation for services rendered by it on behalf of the estate shall be fixed upon application to and by further order of the Court.

WHEREFORE, Applicant respectfully requests authorization to employ Cole Schotz as special counsel to the Trustee, with compensation to be paid as an administrative expense in such amounts as the Court may hereafter determine and allow.

FORMAN HOLT & ELIADES LLC
Attorneys for Trustee

By: /s/Michael E. Holt
Michael E. Holt, Esq.

/s/Charles M. Forman
Charles M. Forman, Trustee

Dated: November 23, 2005

Dated: November 23, 2005